

EXPENDITURE FOR EDUCATION

Key Findings: France, Germany, Italy, Japan, United Kingdom, United States

The United States ranked the highest among the G-8 countries in terms of expenditure per student at the combined primary and secondary education levels as well as at the higher education level.

Two measures used to compare countries' investment in education are expenditure per student (expressed in absolute terms) from both public and private sources and total expenditure as a percentage of gross domestic product (GDP). The latter measure allows a comparison of countries' expenditure relative to their ability to finance education.

In 2003, expenditure per student for the United States was about \$8,900 at the combined primary and secondary education levels and about \$24,100 at the higher education level (figure 16a). Both of these figures were higher than the corresponding figures for the five other G-8 countries reporting data, which ranged from about \$6,500 in Germany to \$7,700 in Italy at the combined primary and

secondary levels and from about \$8,800 in Italy to \$11,900 in the United Kingdom at the higher education level.

As previously noted, all of the G-8 countries spent more per student at the higher education level than at the combined primary and secondary education levels. However, as shown in figure 16b, all of the G-8 countries spent more money (i.e., in total dollars as a percentage of GDP) at the combined primary and secondary education levels than at the higher education level, where student enrollment is much lower. The United States spent 4.1 percent of its GDP on primary and secondary education, higher than the share of GDP spent on education at this level in Italy, Germany, and Japan. At the higher education level, the United States spent 2.9 percent of its GDP on education, higher than the percentage of GDP spent on education at this level than in any of the other G-8 countries.

Considering education expenditure at all levels combined, the United States spent a higher percentage of its GDP on education (7 percent) than did any of the other G-8 countries.

Definitions and Methodology

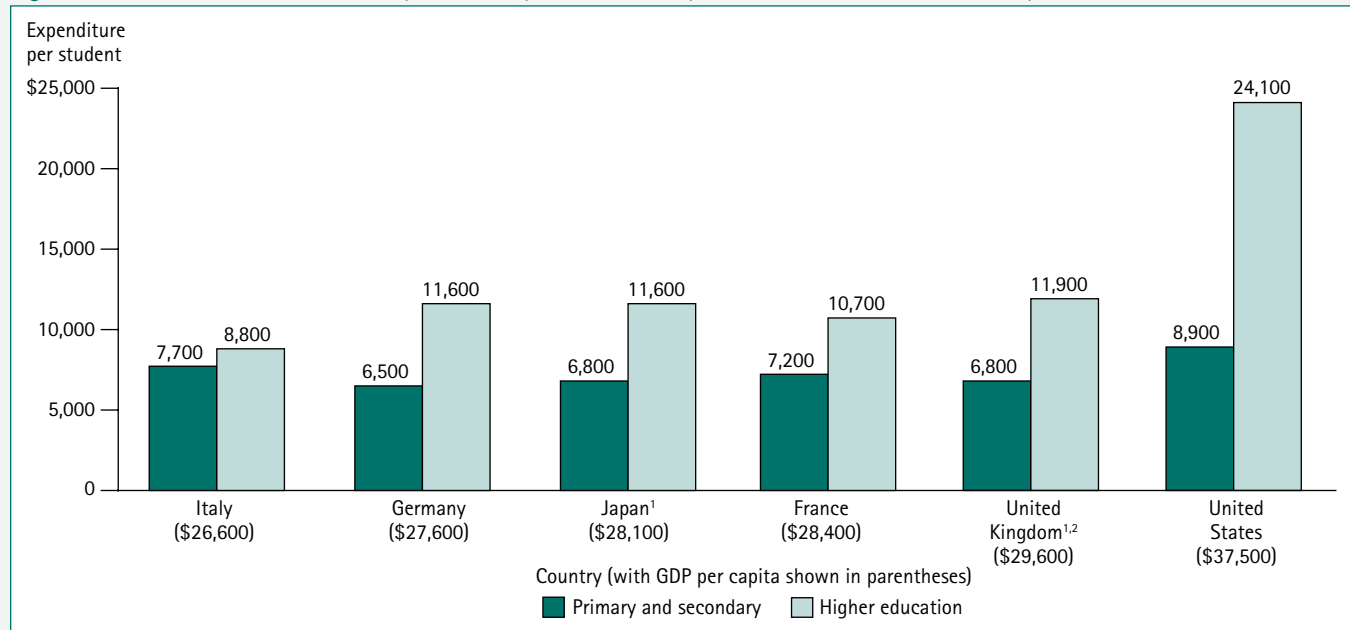
Per student expenditure is based on public and private full-time-equivalent (FTE) enrollment figures for the 2002–03 school year and current expenditure and capital outlays from both public and private sources, where data are available. Data for GDP per capita are for calendar year 2003. Dollar figures for education expenditure and GDP per capita were converted to U.S. equivalent dollars using purchasing power parities (PPPs), which equalize the purchasing power of different currencies. Using PPPs to convert all education expenditure data to US equivalent dollars allows for cost of living differences across countries to be taken into account. Within-

country consumer price indices are used to adjust the PPP indices to account for inflation because the fiscal year has a different starting date in different countries.

The national averages shown here do not represent the within-country variation that may exist in the annual education expenditure per student.

As shown in the figures, education levels are defined according to the International Standard Classification of Education (ISCED). For more information on the ISCED levels, see appendix A.

Figure 16a. Annual education expenditure per student, by education level and country: 2003



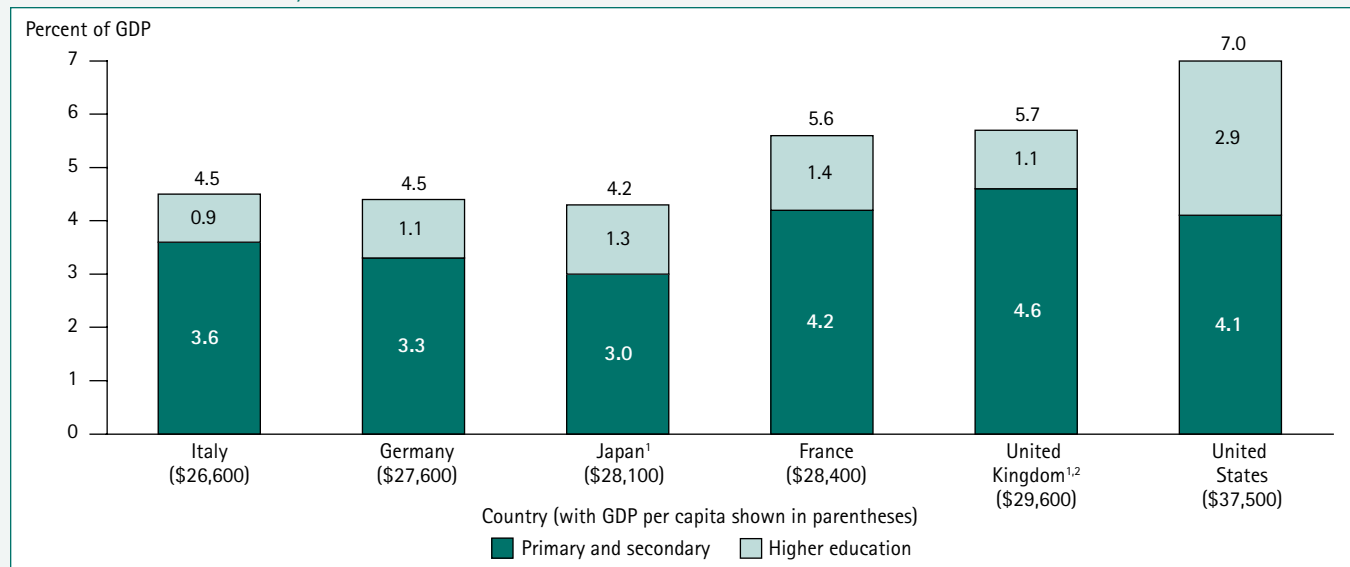
¹Postsecondary nontertiary data included in secondary and higher education for Japan, and in secondary education for the United Kingdom.

²The United Kingdom includes England, Northern Ireland, Scotland, and Wales.

NOTE: Countries are arranged according to increasing levels of gross domestic product (GDP) per capita, as shown in parentheses. Education levels are defined according to the International Standard Classification of Education (ISCED). Primary education refers to ISCED level 1. Secondary education refers to ISCED levels 2 and 3 (lower secondary and upper secondary, respectively). Higher education refers to ISCED levels 5A (academic higher education below the doctoral level), 5B (vocational higher education), and 6 (doctoral level of academic higher education), except where otherwise noted. For more information on the ISCED levels, see appendix A in this report. Shown is total expenditure that corresponds to the nonrepayable current and capital expenditure of all levels of the government and private sources directly related to education; interest on debt is not included. Data are converted to U.S. dollars using 2002–03 national purchasing power parities (PPPs) exchange rate data. Includes all institutions, public and private, with the exception of Italy, which includes public institutions only.

SOURCE: Organization for Economic Cooperation and Development (OECD). (2006). *Education at a Glance: OECD Indicators 2006*, table B1.1a and web table X2.1. Paris: Author. Retrieved November 1, 2006, from <http://www.oecd.org/dataoecd/45/55/37370984.xls>; and OECD. (2006). Education Database, previously unpublished tabulation (October 2006).

Figure 16b. Annual education expenditure as a percentage of gross domestic product (GDP), by education level and country: 2003



¹Postsecondary nontertiary data included in secondary and higher education for Japan, and in secondary education for the United Kingdom.

²The United Kingdom includes England, Northern Ireland, Scotland, and Wales.

NOTE: Countries are arranged according to increasing levels of GDP per capita, as shown in parentheses. Education levels are defined according to the International Standard Classification of Education (ISCED). Primary education refers to ISCED level 1. Secondary education refers to ISCED levels 2 and 3 (lower secondary and upper secondary, respectively). Higher education refers to ISCED levels 5A (academic higher education below the doctoral level), 5B (vocational higher education), and 6 (doctoral level of academic higher education), except where otherwise noted. For more information on the ISCED levels, see appendix A in this report. Shown is total expenditure that corresponds to the nonrepayable current and capital expenditure of all levels of the government and private sources directly related to education; interest on debt is not included. Data are converted to U.S. dollars using 2002–03 national purchasing power parities (PPPs) exchange rate data. Includes all institutions, public and private, with the exception of Italy, which includes public institutions only.

SOURCE: Organization for Economic Cooperation and Development (OECD). (2006). *Education at a Glance: OECD Indicators 2006*, table B2.1c and web table X2.1. Paris: Author. Retrieved November 1, 2006, from <http://www.oecd.org/dataoecd/45/55/37370984.xls>.